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15 September 1983

MEMORANDUM FOR THE RECORD

SUBJECT: Subcommittee on Civil Service, Post Office,
and General Services, Senate Committee on
Governmental Affairs, Hearing on Retirement

REFERENCE: Memorandum for the Record, Same Subject,
OLL 83-2073/2 dated 13 September 1983

1. [] Legislation Division, Office of
Legislative Liaison, [], Deputy Director of
Personnel for Special Programs, and I, attended the subject
hearing on 14 September 1983, concerning options to
implement an interim retirement program for Civil Service
employees who will be covered by Social Security. Attached
are an agenda (that was followed) and, in order, the
statements that were read, nearly verbatim, into the record
of the Hearing. Senator Ted Stevens (R., AL), the
Subcommittee Chairman, was the only Subcommittee member
present.

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2. In summarizing the significant new pieces of
information learned during the hearing:

- Senator Stevens directed that a bill be drafted by
next week so that he can include it on the full
Committee on Governmental Affairs agenda for the next
full Committee meeting on 21 September 1983;
- Senator Stevens as much as said that the Subcommittee
bill will require full Civil Service Retirement and
Disability System (CSRDS) coverage for all new
employees hired 1 January 1984 or later, during the
interim period between 1 January 1984 and enactment
of supplemental retirement legislation, at no cost to
the employee. Agency 7% payments into the fund would
continue. This limited Civil Service coverage would
be in addition to Social Security coverage for which
the new employee will contribute fully (note that
until an employee has five years, and thus becomes

vested, he/she only gets survivor benefits and, after 18 months' service, disability benefits from the CSRDS). He went on to indicate a strong preference that subsequently enacted supplemental retirement legislation be fully retroactive for all employees hired on or after 1 January 1984. Further, he will strongly oppose any attempt to impose retroactive employee contributions into a new system for this interim period, as OPM wants done;


- Senator Stevens stated that the tax credit approach (H.R. 3371 and S.1522) has run into significant difficulty and is not now a viable alternative (he didn't say why);
- Mr. Devine, Director of the Office of Personnel Management (OPM) stated that the Administration's position on this issue is for Social Security coverage only, and nothing more, during this interim period;
- each employee association favored Senator Stevens' preferred solution, i.e., limited CSRDS coverage at no cost to the employee, in addition to Social Security coverage; and
- the American Foreign Service Association (AFSA) representative was a hearing participant as a member of the Federal Employees Coordinating Committee. His statement was short but relevant, to the point that the Foreign Service has an independent retirement system with special provisions. He asked that the Senator and the Congress remain mindful of this in enacting subsequent legislation. Senator Stevens acknowledged the statement and indicated an understanding of it.

3. Unless Senator Stevens runs into unexpected resistance at the full Committee, Governmental Affairs should vote out a bill that will adequately solve CIA concerns about dual retirement system withholdings for new employees (1 January 1984 or later EOD) and will adequately address their retirement and disability needs during this interim period preceding enactment of supplemental retirement programs.

4. Senator Stevens indicated that he will press for attachment of his bill either to the Budget Reconciliation Bill or, failing this, to any appropriations bill that he deems opportune.


5. The House Post Office and Civil Service Committee has scheduled a similar hearing on 20 September 1983 which we will attend.

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Liaison Division
Office of Legislative Liaison

Attachments
As stated

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